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**REGIONAL ASSESSMENT OF SOUTH AMERICA**

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THE GEOSTRATEGIC CONTEXT  
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## EXECUTIVE SUMMARY

The United States currently has significant national, but not vital, interests at stake in South America. The U S has historically treated the region with indifference and benign neglect, as long as communism or powers from outside the Hemisphere were not involved in attempts to gain hegemony. From a South American perspective, this appears to be a pattern of exploitation to be wary of.

The region is in transition away from entrenched authoritarian political systems, hierarchical social structures and lagging economies. These traits are the result of a very different colonial heritage than was experienced by North America. The influence of Spain and Portugal, and their state-controlled inefficient economies, lingers. There have been recent successes with marketization, non-proliferation, and democratization, but these improvements are fragile and at risk. Should there be an unforeseen economic contraction, authoritarianism could rise again, spurred by the current challenges of large gaps between rich and poor, destabilization from narco-trafficking, illegal migration, and environmental degradation. Insurgencies, while on the wane, still exist most notably in Colombia and Peru, with the potential to rekindle elsewhere. Despite the potential for relapse, the current economic and political trends are positive.

U S interests center on economics and maintaining political stability. Economic integration with South America by the year 2005 is a commitment that is in the United States' best interest. The expanding economies of MERCOSUR and Chile will integrate elsewhere if the U S does not act. Access to the continent's oil reserves is also beneficial to the U S. Eliminating the interrelated transnational threats of illegal immigration, organized crime, corruption, environmental degradation, and especially narcotics trafficking is a difficult, if not intractable, challenge for the U S.

## CONTEXT

**Historical:** South America's early history and culture were dominated by the policies of colonial Spain and Portugal, which continue to influence the nature of governance and economics today. The purpose of Spanish colonization was to extract resources for the Crown, not to settle the land. Early colonial governments were hierarchical, with a strong executive (the king) exercising sweeping powers that the people could not readily challenge. Governments developed a long-standing tradition of managing the economies while orchestrating the shipping of riches back to Spain. The military and the church developed into powerful institutions allied with the state. The military, as the ultimate form of "patria" or patriarchal hierarchy, developed a history of repressing the people to maintain order. The Roman Catholic Church, which came to the New World to save souls, was closely linked to the state and the concept of the divine right of kings to rule. At the risk of erroneously stereotyping, the result was a distinct class of elites on the one hand, contrasted with a much larger class of working people with little hope of advancement, separated by a large gap in income. The lower classes became conditioned to accept their lot in life, with work seen as a necessary means to an end, but not something to be celebrated by itself.

Under the leadership of Simon Bolivar and others, the continent emerged with its independence from Spain and Portugal, but it was wary of the United States. For its part, the U.S. asserted its Monroe Doctrine, which forbids intervention by powers outside the Hemisphere. Fundamental socio-economic change was elusive. The social strata and many of the institutions of colonial Spain and Portugal remained intact. The region's militaries continued to be active outside of the barracks, and economic reform was contrary to the region's heritage. A brief note concerning diversity: while the region is dominated by the Spanish and Portuguese influence, other ethnic groups and cultures are represented, including the native Indian groups, Africans, and other European backgrounds, notably the Italians in Argentina.

**Political-economic:** Fast-forwarding to the twentieth century, the nations of South America tended to possess “one good” economies, vulnerable to boom and bust cycles and perceived exploitation by the United States and Europe. U.S. interests and policies tended to be of benign neglect, sensitive to outside interference in the region or regional crises, but lacking in genuine economic or security cooperation. The governments continued the tradition of nationalizing economic production to protect it, and instituted discredited policies such as Import Substitute Industrialization (“ISI”) which kept the economies from operating at their full potential. Lingered border conflicts, insurgencies, and intermittent democracies rounded out the bleak picture for the continent until recently.

By the end of the 1980’s debt crisis, a more positive picture emerged. Of the nations in Latin America, all but Cuba freely elect their leadership. While fragile, some of the democracies in South America have seen several cycles of elections and orderly transfers of power. The nascent nuclear powers of Argentina and Brazil renounced the use of nuclear weapons, with Brazil ratifying the 1967 Treaty of Tlatelolco which established a Nuclear Weapons Free Zone (NWFZ) in South America.<sup>1</sup> Border conflicts are latent and trade is booming. MERCOSUR, an innovative “common market” of South America, makes partners out of the onetime adversaries of Argentina and Brazil, along with Paraguay and Uruguay. The impact of Protestant evangelist groups is uncertain, but they are altering the old social order and dominance of the Catholic Church. While stubborn problems of corruption, crime, insurgency, drugs, uncontrolled migration and environmental degradation remain, and the specter of military dominance lurks in the background, the trends have been positive of late. While fragile and unproven,

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<sup>1</sup>Paulo S. Wrobel, “Brazil and the NPT: Resistance to Change?” *Security Dialogue*, Vol. 27(3), 1996, p. 340.

democratization, marketization and nonproliferation are a reality in South America, opening up avenues of unprecedented opportunity

## **INTERESTS**

**General.** Currently, the U S has important national, but not vital, interests at stake in the region. These interests include overall stability on the continent, the strengthening of democracy and human rights, fostering trade and economic integration, and reducing environmental degradation, drug exports, and illegal migration.

**Political-military.** The traditional U S interests of excluding foreign powers from outside the Hemisphere under the Monroe Doctrine, promoting nuclear nonproliferation, and combating Communism with a strategy of containment are dormant. Continued strengthening of the weaker democracies will ensure that these concerns do not rise to the forefront again.

**Economic.** The U S enjoys a positive balance of trade with South America. Continued access to markets and natural resources, reductions in trade barriers, and maintenance of freedom of navigation can be beneficial to both sides. Product substitution for coca will permit the economies of Colombia and Bolivia to shift away from narcotics trafficking. Access to natural resources, particularly Venezuelan petroleum, contributes to the well being of the U S.

**Transnational.** It is in our interests to combat the interrelated transnational threats of drug trafficking, organized crime, illegal migration and environmental degradation.

## **INTERRELATED THREATS, CHALLENGES AND OPPORTUNITIES.**

**Economic.** South America is adrift in the international marketplace, and is underrepresented, proportional to its population. Chile is looking westward to Asia, and

MERCOSUR (Brazil, Argentina, Paraguay and Uruguay) increasingly sees opportunity within its own boundaries and toward Europe and Africa for trade. Implementation of “fast track” trade negotiating authority is our prime vehicle to capitalize on this search for markets and to advance our interests in the region. It would permit the U S to gain access to growing markets and to aid South America in the process, allowing us to live up to our *commitment* to achieve economic integration by 2005 and blunt anti-American resentment simmering in the region. Trade, not aid, is our most cost-effective opportunity, we should pursue integration, not rivalry, between MERCOSUR and NAFTA. If we fail to act soon, this opportunity will become a challenge as these nations go elsewhere to integrate their economies.

**Political.** The conventional wisdom is that all of South America is democratic, with military forces that are under the control of civil authority. This political architecture is under significant strain, particularly in Peru, Colombia and Bolivia, where the states are destabilized by narco-trafficking or insurgency. The challenge is to strengthen civil leadership, continue human rights reforms, and end abuses by the military to restore the faith and confidence of the people in their civilian leadership.

**Transnational.** Narco-trafficking is the primary direct threat to the U S, but its solutions are rooted in the above political and economic factors. From the South American perspective, there is a vicious cycle of drug production and shipment, poverty, and corruption where one element feeds on another in a desperate, but futile attempt to improve living standards. Breaking the cycle may prove to be difficult and expensive, if not intractable. Environmental degradation tends to spawn other challenges such as illegal migration, depletion of migratory fish stocks, and even the spread of disease to the U S (cholera in the early 90’s). The U S has opportunities to partner with South America with technological assistance to improve the environment.

## **OBJECTIVES**

### **Encourage, enhance and enlarge free market states within Latin America.**

This objective is perhaps the cornerstone for allowing democratization to succeed in Latin America. The challenges and obstacles it will encounter, however, strike across the full spectrum of domestic, regional, and international concern. The transition for many of the Latin American countries from tightly controlled, centralized economies to decentralization, export-oriented policies, privatization, and elimination of trade and investment barriers has not been easy. Emerging as the second largest economic trade community in the world, surpassing Europe and Japan, it is certainly in our national interest to ensure Latin America remains on a steady glide path.

**Promote democratization and human rights.** We must continue to do everything we can to encourage institutionalizing democratic reforms throughout Latin America. They will face significant challenges as they relinquish their previous strong-handed, centralized control. Any attempt by the military or government to revert to abusive enforcement must be discouraged.

**Encourage the eradication of illicit drugs.** This scourge strikes at the heart of our youth. Although principally recognized as a United States domestic threat, the cultivation and harvestation, production, and transporting of cocaine in the countries of Bolivia, Peru, and Ecuador threatens to unhinge democratic reform and free-market expansion throughout Latin America. Illicit drugs have proven to be the catalyst for the birth of some of the most vicious and influential drug cartels and terrorist groups in the world – Medellín Cartel, Tupac Amaru, and the Shining Path (Sundaru Luminoso). We must engage in a cooperative effort to seek alternative crop development that will provide



the economic replacement value for the peoples and governments of Latin America U S foreign aid, as well as international NGOs and agricultural organizations can greatly facilitate our efforts

**Prevent organized crime and terrorism from undermining democratic growth.** Organized crime and terrorism have seriously threatened and undermined democratic growth and prosperity As evident in Columbia, criminal activities are financing guerrilla movements that threaten social stability As a result, the populace has begun to lose faith in the government's ability to provide the basic securities Additionally, the cross-border incursions of drug movement, guerrilla activity and terrorist factions threaten regional security between neighboring countries

**Encourage environmental engagement.** The environmental threats posed by the rain forest deforestation cross all national borders We must take steps today in responding to these environmental threats or face serious consequences in generations to come We must seek alternative ways to resolve Latin America's need for land reclamation and colonization

## **INSTRUMENTS OF POLICY**

**Political/diplomatic.** We must seek every opportunity to outwardly demonstrate our support for the democratic transition ongoing in Latin America The Organization of American States remains at the forefront of our political engagement It has proven time and time again to provide consensus of opinion and united hemispheric support on resolving tough problems OAS prompt condemnation and follow-up action helped bring an end to the attempted coup in Peru in 1992 The 1998 Summit of the Americas in

Santiago will provide another excellent forum for the United States to show its resolve and support for democratic prosperity and growth in Latin America

**Economic.** Free Trade Area of the Americas (FTAA) At the 1994 Miami summit, hemispheric leaders committed their support to establishing FTAA by the year 2005 This commitment will stimulate additional economic growth and prosperity throughout the Americas by eliminating barriers to trade and investment In conjunction with the North American Free Trade Agreement (NAFTA) and fast-track, we can not only ensure United States access to the vast economic opportunities of Latin America, but at the same time create better opportunities for economic growth, prosperity and hope for Latin Americans Improving the economic growth in Latin America results in better living conditions and more likelihood for democracy to prosper

**Military.** "The United States military plays an essential role in building and shaping the international environment in ways that protect and promote U S interests Through means such as the forward stationing or deployment of forces, defense cooperation and security assistance, and training and exercises with allies and friends, our armed forces help to promote regional stability, deter aggression and coercion, prevent and reduce conflicts and threats, and serve as role models for militaries in emerging democracies"<sup>2</sup> The U S military has been able to help immeasurably in achieving U S objectives and implementing U S strategy throughout Latin America. Providing indigenous support to paramilitary forces in combating drugs, terrorism, and organized crime, educating and training military and police in technical, tactical, ethical and democratic principles, helping in nation-building and infrastructure revitalization The

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<sup>2</sup>A National Security Strategy for a New Century The White House May 1997 p 8

United States military has been, and will remain, at the leading edge in executing national strategy

## **STRATEGY**

Latin America's struggle to achieve economic prosperity and democratic growth is significantly jeopardized by poverty, transnational threats, and complacency by the world community to respond accordingly. Illicit drug production, organized crime syndicates, and terrorist organizations are feeding on the populace as they struggle to emerge as a democratic society. Although these threats do not currently threaten our national survival or constitute a challenge to our vital interests, they certainly strike at our important interests. Left unattended and unchallenged, these threats have the potential to fester and grow, presenting more formidable threats in the twenty-first century. We have before us the unique opportunity to move from a policy of "benign neglect" to a policy of "cooperative engagement."

The answer to many of Latin America's challenges can be resolved by continuing to support NAFTA and reducing trade barriers. Encouraging free market expansion and international economic and industrial development in Latin America will provide the prescription for domestic growth, job revitalization, and hope for a better life. More jobs at higher wages, better educational opportunities, and safer communities will instill the confidence of the people in the government's ability to respond to their needs. The end state is continued democratic prosperity.

Our U.S. military has been in the past and will continue to be a significant contributor in helping Latin America resolve many of its threats. We must continue to offer our assistance in training their military and police forces in how to combat narco-traffickers,

drug and organized crime cartels, and terrorist insurgent groups. Concurrently, we can serve as role models for these emerging democracies, demonstrating a respect for human rights and adherence to civilian control of the military. These fundamental principles are absolutely essential for the Latin American military leadership to understand and conform to if they are to gain the trust and confidence of the people, as well as the civilian leadership they serve. Professional military education exchange programs provide tremendous opportunities for interaction to occur and must be pursued aggressively, at all levels.

Similarly, we must encourage industrial, educational, cultural, and religious exchanges. These exchanges will help to foster confidence between our democratic countries, while at the same time, providing opportunities for improving their economies. Poverty is the center of gravity in Latin America, we must use all available means to attack and destroy it. Success will be measured by continued democratic growth, economic prosperity, more equitable distribution of wealth, and respect for human rights. We have the opportunity to make that happen and must not let it escape.